ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

PUBLISHED BY . . . .
BUREAU OF ECONOMIC AND BUSINESS RESEARCH
COLLEGE OF COMMERCE · UNIVERSITY OF ILLINOIS

VOLUME XVII | APRIL, 1960 | NUMBER 4

B/E

UNIVERSITY OF CHICAGO LIBRARY
MAY 3 1960

HIGHLIGHTS OF BUSINESS IN MARCH

A further slowing of the pace of economic activity was evident in March. The index of industrial production lost 1 more point, bringing it down to 165 percent of the 1947-49 average. The automobile industry turned out about 654,000 units, down 5,000 from February, and the steel industry reduced output to 91 percent of capacity in March from the 94 percent rate of the preceding month. Although seasonally adjusted electric power output reached a new high of 275 (1947-49 = 100) as a result of cold weather demand, coal and petroleum production were down.

Retail sales held up fairly well, although they fell short of expectations in some lines. The seasonally adjusted index of department store sales gained 2 points to bring it to 142 percent of the 1947-49 average. Automobile dealers, stimulated by manufacturers' sales contests, sold 576,000 American-made passenger cars in March compared with 484,000 in February. Despite this increase, sales fell short of the rate required to match earlier industry forecasts, and there was a further rise in car inventories, which were already at a record high.

Unemployment Rate Up

Unemployment in March rose 275,000 to 4.2 million and employment declined 253,000 to 64.3 million. As a result, the seasonally adjusted rate of unemployment, which in February had fallen below 5 percent for the second time since October, 1957, rose to 5.4 percent in March. Although bad weather contributed to the increase in March, it seems unlikely that the rate will fall below 5 percent in April.

Construction Lags

Although the value of new construction put in place during March increased 5 percent to $3.7 billion, the gain over February was less than normal. Seasonal expectations call for an increase of about 8 percent between February and March. Most of the shortfall in the seasonally adjusted series was in private construction. An increase of $108 million carried the unadjusted total of this sector to $2.7 billion, but this left the adjusted annual rate 3 percent below February. Public construction was up 8 percent from the preceding month, but after seasonal adjustment it showed a decline of 2 percent.

Private nonfarm residential construction advanced a less-than-seasonal 6 percent to $1.4 billion, but private nonresidential building dropped 2 percent when it should have risen. In the public sector the largest dollar increases were in nonresidential building and in highways. Only the latter and public housing advanced more than seasonally.

Inventories, Sales Rise

Business firms again added substantial amounts to the book value of their inventories in February. Stocks held by manufacturing and trade firms rose $900 million to $91.4 billion on a seasonally adjusted basis. The increase was down from the $1.1 billion build-up in January as manufacturers cut their additions from $900 million to $600 million. Wholesalers and retailers maintained their January rate of accumulation, adding $100 million and $200 million respectively to the value of their stocks. At each level the increases were largely or entirely in durables, with gains in retail stocks occurring mainly in automobiles.

Total business sales rose $600 million to $62.2 billion after seasonal adjustment. Except for a $100 million gain by wholesalers, all of this increase went to manufacturers, raising the latter's total for the month to $31.6 billion. Sales by wholesalers amounted to $12.5 billion and those of retailers to $18.1 billion.

New orders received by manufacturers rose to $30.5 billion, a gain (largely in durables) of $700 million over January. However, shipments exceeded new orders, resulting in a reduction of about $700 million in the backlog of unfilled orders.

Consumer Debt Still Climbing

Consumers added to their outstanding short- and intermediate-term debt at an annual rate of $6.0 billion in February. This reflected net increases of $408 million in instalment obligations and $94 million in noninstalment debt, after seasonal adjustment. The total outstanding at the end of the month amounted to $51.0 billion, of which $39.4 billion was instalment and $11.6 billion was noninstalment debt.

Seasonally adjusted increases of $222 million in automobile debt and $106 million in personal loans were the biggest factors in the expansion of instalment obligations, which rose more than in any month since October, 1959. Some $16.7 billion in automobile paper was outstanding at the end of February. The advance in noninstalment debt was the result of a net increase in personal loans of $60 million and smaller gains in charge accounts and service credit.

CAN CAPITAL SPENDING DO THE JOB IN 1960? · · By D. C. Streever · · Page 8

ILLINOIS BUSINESS REVIEW

Monthly except July-August when bimonthly

BUREAU OF ECONOMIC AND BUSINESS RESEARCH
UNIVERSITY OF ILLINOIS
Box 658, Station A, Champaign, Illinois

The material appearing in the *Illinois Business Review* is derived from various primary sources and compiled by the Bureau of Economic and Business Research. Its chief purpose is to provide businessmen of the State and other interested persons with current information on business conditions. Signed articles represent the personal views of the authors and not necessarily those of the University or the College of Commerce. The *Review* will be sent free on request.
Second-class mail privileges authorized at Champaign, Illinois.

V LEWIS BASSIE, *Director* — RUTH A. BIRDZELL, *Editor of Publications*

JOSEPH D. PHILLIPS, *Research Associate Professor*

Research Assistants
R. W. BECKSTEAD — JACK A. RARDIN
C. G. PELEKOUDAS

The Real Threat

Washington is again resorting to the old confidence game in the hope of bolstering the economy. An item from the *Wall Street Journal* gives the show away:

"Bad news in coming economic reports threatens to undermine business confidence.

"So Administration chieftains fear. Winter's last onslaught alone hints at disturbing headlines on reports for March. Officials concede the figures will be 'dirty.' March housing starts, personal income, industrial output all may show declines from February. 'We'll just have to emphasize the positive,' declares one official."

Business, too, has taken to reassuring itself and the public. The essence of the standard line is this: "Business isn't booming as we expected, but it will be a very good year. If we aren't entering the 'soaring 60's' at least we can look forward to the 'sound and sensible 60's.' We were too optimistic last fall, but there really wasn't any good reason we should have thought things would be so good."

It might be added, "There really isn't any good reason now for thinking things will stay as good as they are."

Another Inventory Recession

In the current situation one dominant fact stands out: Despite a new high annual rate of inventory accumulation of $13 billion in January, industrial production reached a level only 1 percent above the high of last June. This fact has two main implications. First, production will be dropping back in the months ahead to reduce the inventory build-up. Second, all the activities based on high production will be losing this support, so that the weakness will tend to spread.

A more favorable light may be put on the situation by pointing out that inventories have been low and needed. The Department of Commerce in the March issue of the *Survey of Current Business* says that "the recent sharp expansion in output . . . has greatly aided in the replenishment of depleted inventories. . ." (p. 1). Over the past year, "sales expanded by almost one-tenth, so that the inventory-sales ratio was less than last year" (p. 4). Its account fails to point out either that the rise in sales was largely the result of increased demand for inventories or that sales will soon lose that increment and drop back unless some new stimulus appears.

The issue evidently needs clarification. A low inventory-sales ratio by itself means little and at best offers only temporary protection against a decline. The ratio always reaches a low when production and sales first approach a high. That is what happened last spring; when the high was re-established this winter, the ratio had already risen a little. Currently, production and sales are still near the peak, and assuming that they just level off, everybody might well be happy.

Why can't this kind of happy situation be preserved? Because inventories are rising rapidly and they keep on accumulating. No matter how low the ratio is when sales level off, it is just a matter of time until the ratio gets too high. In other words, high production and consumption are not enough. Unless they can increase further, the situation must wind up in a reversal. When the steady rise in inventories brings them to a high level in relation to sales, production must be cut. But that cut is also a cut in sales, so that the inventory-sales ratio continues to forge ahead after the turn, creating an excess that requires further cuts in production.

This is the situation we now face. Production is being cut, the inventory ratio is rising, and by summer there will be excesses to liquidate. There is nothing in sight to offset this reversal. The projected increases in plant and equipment expenditures are too small; and other factors on balance are more likely to aggravate than offset the decline. It appears that the high for the year, which was expected later, has been experienced in the first quarter and is now past.

An inventory reversal need not in itself be regarded as of serious consequence. Such reversals, if unsupported, produce only mild and short-lived recessions — witness the three already experienced in the postwar period. Unfortunately, there can be no assurance that this one will not be far more serious.

Why the Situation Is Different

Since the 1958 low, there have been a number of reports comparing the three recessions and recoveries experienced in this postwar period. Many similarities in these past situations can be brought out by adjusting time and level scales for the various economic measures depicted. These similarities, however, provide only weak justification for concluding that all these situations were alike and practically none at all for concluding that future recessions will be the same also.

The situation now is different from that at the beginning of earlier recessions. There are in fact many differences both international and domestic. Of these, only one of the latter — a very important one — will be developed here. The continued accumulation of stocks of assets and debt of all kinds is by itself sufficient to modify the situation substantially. The accumulation of business inventories is progressing to a new record high. The accumulations of other durable assets, such as business plant and equipment, houses, cars, and appliances has been slower but steadier throughout the postwar period. The accumulations of debt, including mortgage, instalment, and state and local government, has also been steady but relatively fast during this period. All of these other stocks are like business inventories in that they tend to be self-limiting in relation to total income.

The steady upward progress of the business stock of fixed capital is indicated by the capacity line on page 9. Since 1949, capacity has been increased by 70 percent. This year's planned capital outlays were reported in January, when business was still optimistic. The biggest

(Continued on page 6)

FLUORSPAR—A KEY INDUSTRIAL MINERAL

Fluorspar is of vital significance to a number of basic industries, even though it is minor in terms of national mineral output. It is used primarily as a fluxing agent for other minerals and as a raw material for hydrofluoric acid.

Until World War I, fluorspar was used almost exclusively as a flux. Since that time, and particularly since World War II, many new applications have been developed, especially in the chemical industries. An all-time production peak of 413,000 short tons was reached in 1944 to meet the heavy war demands for the production of steel and aluminum. In the thirteen years following World War II, production leveled off to an annual average of about 330,000 short tons. However, production has dropped sharply since 1957 as a result of curtailed government purchases and the 1959 steel strike.

Illinois First in Production

Although it is not a rare mineral, mineable fluorspar is found in only eight states, with the principal mining areas being in Illinois and Kentucky, where roughly three-fifths of total output is produced. Illinois, a perennial production leader for more than 120 years, accounted for 48 percent of the 320,000 tons of finished spar shipped in 1958, while Kentucky and Utah shipped 26,000 and 16,000 tons, respectively.

The dominant position of Illinois results from the very large reserves in two southern Illinois counties — Hardin and Pope. Fluorspar ores in Hardin are not only the richest in the State but are also the purest and deepest in the nation. Hardin produced about 87 percent of the state's crude spar in 1958, and Pope mined the remaining 13 percent. Hardin was credited with shipping nearly 48 percent of the national fluorspar tonnage in 1958. Nearly all of the crude spar ores mined in Pope are sent to Hardin for processing since the former county has no finishing mills.

In 1958, there were an estimated 13 companies in the State producing in excess of 500 tons of spar. However, four of these — the Aluminum Company of America, Ozark-Mahoning, Minerva Oil Company, and Southern Illinois Mining Company — accounted for nearly seven-eights of the entire Illinois production. Most of the larger companies in the State also produce lead and/or zinc concentrates as by-products to obtain maximum efficiency from their giant processing plants.

Fluorspar is marketed in three basic grades: acid, ceramic, and metallurgical. Acid grade, the purest form with at least 97 percent calcium fluoride, is used chiefly for making hydrofluoric acid and other chemical fluorines. Ceramic and metallurgical spars are marketed by varying degrees of purity desired by the consumer, but generally contain, respectively, roughly 85-97 percent and 60-94 percent calcium fluoride. Concentrates with less than 60 percent spar content are seldom marketed profitably. In 1958 three-fourths of total shipments from Illinois mines were of acid grade, whereas ceramic and metallurgical grades made up only 13 percent and 11 percent of shipments respectively. Nationally, acid-grade shipments totaled 192,000 tons; ceramic, 23,000 tons; and metallurgical, 105,000 tons.

Consumption and Uses

Illinois not only ranks first in production but is usually the top consumer of fluorspar, averaging about 15 percent of total domestic and foreign purchases. A sharp decline in spar consumption in the State from 97,000 to 63,000 short tons between 1957 and 1958 dropped the State to second place, but it is expected to regain its first-place position. Today, spar "gravel" (i.e., pellets) or concentrates are shipped to an estimated 36 to 40 states either for use as fluxes or for further conversion into numerous compounds.

The most important single use of fluorspar is that of fluxing steel. By adding spar to iron ores, the impurities are transformed into a workable substance which can be easily drawn from the furnace. Moreover, the flux protects molten metals from rapid oxidation and permits maintenance of lower furnace temperatures. Spar is also important for other metallurgical operations, such as the smelting or refining of gold, silver, lead, and nickel.

Sizable amounts of ceramic spar are used to give luster and opacity to products of the glass and enamel industries, such as lamp shades and bulbs, glass containers, bathtubs and sinks, tile and brick facings, and pottery-ware.

The increasing use of acid-grade fluorspar by the aluminum and chemical industries for the manufacture of hydrofluoric acid has made this the leading fluorspar product today. Hydrofluoric acid jumped from less than 25 percent of total fluorspar shipping tonnage in 1950 to more than 60 percent in 1958. It is used chiefly as an intermediate product in the manufacture of numerous fluorine compounds. Fluorines today cover a wide range of applications, ranging from photographic dyes, wood preservatives, antiseptics and tooth-decay preventatives to fertilizers, alcoholic antifermentatives, and shoe polish solvents.

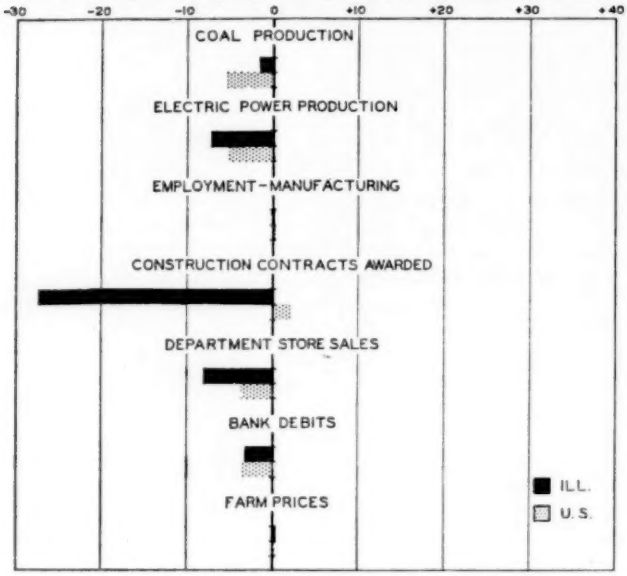
Among the more important fluorine products are cryolite and aluminum fluorine, both needed in aluminum production. Another common but older compound is freon, a noninflammable gas used extensively in the nation's refrigeration and cooling systems. Freon has found an important secondary use as a propellent for spraying liquids and insecticides. Fluorides were used in large quantities during and after World War II for atomic energy experimentation and should become of major importance if large-scale industrial development of this power source is successful.

The outlook for the fluorspar industry appears promising. For many of its applications, fluorspar has few commercial substitutes which are either more economical or more satisfactory. This is especially true of hydrofluoric acid, the industry's number one product. However, because the fluorspar industry is generally dependent upon a few large industries, its future activity will be strongly influenced by the economic conditions of these other industries.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes January, 1960, to February, 1960



ILLINOIS BUSINESS INDEXES

Item	Feb. 1960 (1947-49 =100)	Percentage change from Jan. 1960	Percentage change from Feb. 1959
Electric power[1]	234.4	− 7.4	+ 8.3
Coal production[2]	83.8	− 1.5	+11.2
Employment—manufacturing[3]	102.7[a]	+ 0.1	+ 3.4
Weekly earnings—manufacturing[3]	172.4[a, b]	− 0.3	+ 4.0
Dept. store sales in Chicago[4]	116.0[c]	− 2.5	− 1.7
Consumer prices in Chicago[5]	129.1	+ 0.2	+ 1.6
Construction contracts[6]	187.3	−27.4	+ 7.3
Bank debits[7]	202.0	− 3.2	+16.1
Farm prices[8]	77.0	+ 1.3	− 6.1
Life insurance sales (ordinary)[9]	263.4	+11.1	+ 2.0
Petroleum production[10]	113.8	− 5.3	+ 6.1

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] Revised series. [b] Data are for January, 1960; comparisons relate to December, 1959, and January, 1959. [c] Seasonally adjusted.

UNITED STATES MONTHLY INDEXES

Item	Feb. 1960	Percentage change from Jan. 1960	Percentage change from Feb. 1959
	Annual rate in billion $		
Personal income[1]	393.0[a]	+ 0.0	+ 5.9
Manufacturing[1]			
Sales	379.2[a]	+ 1.6	+ 10.9
Inventories	53.9[a, b]	+ 1.1	+ 8.2
New construction activity[1]			
Private residential	16.8	− 6.5	+ 2.1
Private nonresidential	15.0	+ 1.3	+ 13.8
Total public	10.9	− 7.1	− 11.6
Foreign trade[1]			
Merchandise exports	18.7[c]	− 6.8	+ 21.9
Merchandise imports	13.6[c]	− 23.1	+ 1.7
Excess of exports	5.1[c]	+115.2	+161.1
Consumer credit outstanding[2]			
Total credit	51.0[b]	− 0.7	+ 15.8
Instalment credit	39.4[b]	+ 0.1	+ 16.8
Business loans[2]	34.9[b]	+ 1.1	n.a.
Cash farm income[3]	32.6[c]	− 25.7	+ 22.3
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	110[a, d]	− 0.9	+ 7.8
Durable manufactures	110[a, d]	− 0.9	+ 12.2
Nondurable manufactures	112[a, d]	− 0.9	+ 4.7
Minerals	96[a, d]	− 1.0	0.0
Manufacturing employment[4]			
Production workers	101	− 0.1	+ 4.6
Factory worker earnings[4]			
Average hours worked	100	− 1.0	− 0.2
Average hourly earnings	171	− 0.4	+ 3.6
Average weekly earnings	172	− 1.4	+ 3.4
Construction contracts[5]	197	+ 2.1	− 2.9
Department store sales[3]	140[a]	− 3.4	− 0.7
Consumer price index[4]	126	+ 0.2	+ 1.5
Wholesale prices[4]			
All commodities	119	+ 0.1	− 0.1
Farm products	87	+ 0.6	− 4.5
Foods	106	+ 0.1	− 1.8
Other	129	0.0	+ 0.8
Farm prices[3]			
Received by farmers	86	+ 1.2	− 4.4
Paid by farmers	120	0.0	+ 0.8
Parity ratio	78[e]	+ 1.3	− 4.9

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] End of month. [c] Data are for January, 1960; comparisons relate to December, 1959, and January, 1959. [d] 1957 = 100. [e] Based on official indexes, 1910-14 = 100. n.a. Not available.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1960 Mar. 26	1960 Mar. 19	1960 Mar. 12	1960 Mar. 5	1960 Feb. 27	1959 Mar. 28
Production:						
Bituminous coal (daily avg.)....thous. of short tons	1,452	1,453	1,309	1,267	1,373	1,354
Electric power by utilities....mil. of kw-hr.	13,951	14,109	14,271	14,262	14,092	12,709
Motor vehicles (Wards)....number in thous.	166	174	175	167	186	147
Petroleum (daily avg.)....thous. bbl.	7,078	7,116	7,049	7,153	7,318	7,193
Steel....1947-49=100	151	151	154	154	156	153
Freight carloadings....thous. of cars	601	581	560	558	553	604
Department store sales....1947-49=100	131	129	116	98	110	141
Commodity prices, wholesale:						
All commodities....1947-49=100	120.1	120.0	119.8	119.4	119.3	119.6[a]
Other than farm products and foods..1947-49=100	128.7	128.7	128.7	128.5	128.6	128.1[a]
22 commodities....1947-49=100	84.3	83.8	83.6	83.5	83.3	86.8
Finance:						
Business loans....mil. of dol.	31,054	31,076	30,331	30,320	30,178	n.a.
Failures, industrial and commercial...number	286	302	290	299	277	297

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for March, 1959. n.a. Not available.

RECENT ECONOMIC CHANGES

Sales and Profits of Manufacturers Up

For the full year 1959, sales of United States manufacturing corporations rose to a record level of $338 billion, 11 percent above the $305 billion in 1958. All industry groups shared in last year's advance in sales, with the sharpest gains, more than 15 percent, reported by the motor vehicles, iron and steel, nonferrous metals, lumber, and leather groups. The over-all increases for durable goods and nondurable goods industries were 14 percent and 8 percent, respectively. Sales amounted to $85.6 billion in the final quarter of 1959, a gain of $2.5 billion, or 3 percent, over the previous period.

After-tax earnings in 1959 totaled $16.3 billion, about equal to the record level of 1956 and 29 percent greater than 1958 profits of $12.7 billion. Both the durable and nondurable groups reported sizable gains, 39 percent and 21 percent, respectively. After-tax earnings in the final quarter remained unchanged from the third-period level of $3.8 billion.

The annual rate of profit after taxes per dollar of sales rose to 4.8 cents in 1959, compared with 4.2 cents in 1958. As a percentage of stockholders' equity, the after-tax profit rate rose from 8.4 percent in 1958 to 10.2 percent last year.

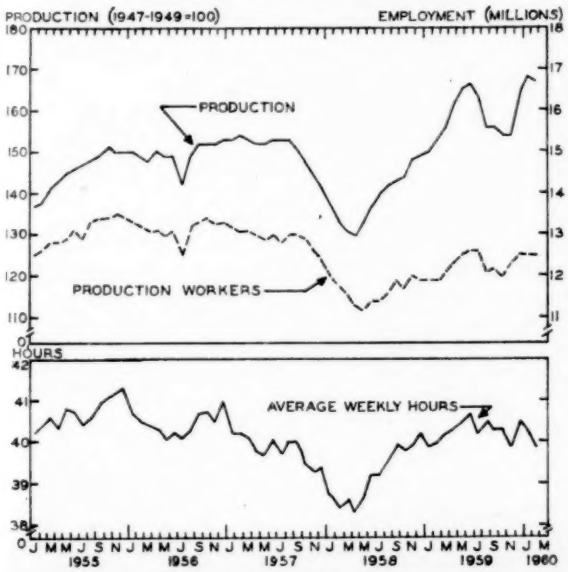
Consumer Optimism Increases

Preliminary findings of the annual Federal Reserve Board Survey of Consumer Finances indicate that consumers are showing increased optimism about the general economic outlook for this year and are expressing more interest in the purchase of durable goods than was the case last year. The confidence expressed by consumers, however, does not approach the optimism of 1955-56 and is somewhat tempered by the anticipation of price increases. The University of Michigan Survey Research Center, which conducted the study, concluded that while consumers' current attitudes may be expected to provide a positive stimulus to the economy, they do not justify anticipations of a great boom in consumer spending during the year.

The proportion of persons interviewed who see current business conditions as favorable increased considerably from the previous survey. Intentions to buy new cars during the next twelve months are presently about 20 percent higher than a year ago. A substantial proportion of the prospective new car buyers intend to buy compact cars, with the result that the median planned expenditures for new cars shows a sizable drop from last year. Plans to buy houses and most household equipment items were also above a year ago.

The one disturbing factor in the survey was the attitude of consumers concerning expected price changes. Last year about 61 percent of consumers anticipated rising prices; this year 72 percent are convinced that prices will move upward in the coming months.

MANUFACTURING PRODUCTION, EMPLOYMENT, AND HOURS



Sources: Federal Reserve Board and U.S. Department of Labor.

Manufacturing Output and Productivity Up

The spurt in manufacturing production following the steel strike leveled off in February. After climbing to a peak of 166 percent (seasonally adjusted) of the 1947-49 average in June, 1959, manufacturing output dropped sharply during the strike to a low of 154 in October and November. The subsequent recovery pushed the Federal Reserve Board's index of manufacturing production to a new high of 168 in January (see chart). The February slowdown lowered the index to 167.

The record levels of output in recent months have been achieved even though man-hours worked have remained relatively low. Currently the number of production workers engaged in manufacturing is up only about 10 percent, and total man-hours only 14 percent, from the low 1958 levels, whereas manufacturing output has risen almost 29 percent. The productivity gain is also reflected in the fact that output in the first two months of this year has surpassed the previous peak in mid-1959, but 3 percent fewer man-hours were being used than at that time.

Housing Starts Fall Further

Housing starts continued to slump in February, according to the latest report by the Census Bureau. During the month starts of new private homes dropped to a seasonally adjusted annual rate of 1,115,000 units, a decline of 8 percent from the January rate, which, in turn, was 9 percent below the rate in December. The agency attributed the decline to a tight supply of mortgage money.

Actual starts of privately owned dwelling units in February were only 400 units below the previous month's level of 74,800. However, starts usually experience an upturn in February. For the first two months of 1960 the number of private dwelling units started totaled 149,200, about 16 percent below a year ago.

Rise in Consumer Prices

The United States Department of Labor's consumer price index reversed a two-month decline in February and moved back up to the record high of 125.6 percent of the 1947-49 average which was established last November. The February increase was mainly caused by sharp advances in the cost of housing and medical care. In-

creased housing costs were attributed to higher mortgage interest rates, which have risen continuously in the last eighteen months. Adjustments of hospital insurance rates in many cities pushed medical care costs up 0.8 percent during the month. In the past ten years costs for medical care have risen 48.7 percent, the largest gain of any major category in the index.

Partly offsetting increases in other prices has been the steady decline in food costs in the past five months. In February food prices were 0.7 percent below a year ago. The food price index, however, is expected to begin moving upward in the spring, thus removing the main stabilizing element in the over-all index.

Retail Sales Steady

Sales of all retail stores in the United States were down 3 percent during February to an estimated $15.8 billion. After adjustments for seasonal variations and trading day differences, however, February sales were about equal to the January level of $18.1 billion. A year ago adjusted sales totaled $17.6 billion.

Adjusted sales of durable goods stores rose 2 percent during the month to slightly over $6 billion. This gain was offset, however, by a 1 percent decline in the sales of nondurable goods stores to $12.1 billion. Sales of stores in both categories were about 3 percent above February, 1959. The latest increase in sales of durable goods outlets was almost entirely due to a 5 percent gain in the automotive group. In the nondurable goods category, the general merchandise and apparel groups each dropped 3 percent from January, while eating and drinking establishments declined 1 percent.

Personal Income Climbs Slowly

Personal income in February reached a record seasonally adjusted annual rate of $393 billion, slightly more than in January and $1 billion higher than in December. The latest increase raised the income flow $22 billion, or 6 percent, above the year-ago rate.

Increases of $200 million in personal interest income, $100 million in rental income, and $700 million in wage and salary payments accounted for all of the February increase. These gains were only partly offset by declines in proprietors' income and transfer payments.

Although total wage and salary disbursements reached a new high of $269 billion in February, payments in the commodity-producing industries were down $300 million from the January high of $113 billion, mainly as the result of reductions in manufacturing industries.

Unemployment Up Sharply

Unemployment moved up contraseasonally in March to 4.2 million. The 275,000 rise in the number of jobless was the largest increase for the month since 1945. Employment, which usually increases in March, was down 253,000 during the month.

Labor Department data, in thousands of workers, are as follows:

	Mar. 1960	*Feb. 1960*	*Mar. 1959*
Civilian labor force	68,473	68,451	68,189
Employment	64,267	64,520	63,828
Agricultural	4,565	4,619	5,203
Nonagricultural	59,702	59,901	58,625
Unemployment	4,206	3,931	4,362
Seasonally adjusted rate	5.4	4.8	5.7

The Real Threat

(Continued from page 2)

increases were projected by the steel and auto industries, in which conditions have shifted most drastically since then. An early adjustment in the rate of investment to check the steady upward climb of capacity is more than just a possibility.

Since 1949 some 12 million houses have been built. The housing stock did not grow by this full amount, because many substandard units have been abandoned or cleared from city slum areas, but the increase of families housed in new units was half again as large as the net over-all increase in households. Moreover, the condition of existing houses has been greatly improved and multiple occupancy has been practically eliminated. Vacancies are still only 3 percent over-all, but vacancies in rental units are 6½ percent. Even a small increase in the surplus could sharply depress new building.

The number of houses has been overtaken and surpassed by the number of passenger cars in use. The stock of cars has more than doubled in the postwar period, to about 55 million, and pre-1950 models are a small proportion of this total. Millions of families that could readily get along on one car have two or more. This year the response of the buying public has been disappointing, and since the special stimulus of the carryover from the steel strike will be waning, sales are more likely to fall than increase. Even so, another 2 million may be added to the number of cars on the road in 1960.

Significance of High Stocks

The existence of these stocks signifies that we are now well equipped, not only for high production and high living, but for high liquidation. The appropriate level of any stock derives from the services it is designed to provide. When the situation changes, so that it is desired to liquidate part of the existing stock, new investment in additional units falls very low, depressing employment and income. But the demand for the services produced is itself a function of income. Anything capable of starting a decline in income, therefore, may set in motion a cumulative process of liquidation. Or, to put this another way, any recession that gets started has the potentiality, by reason of the stocks accumulated in the last decade, of becoming a major contraction.

The large debts that have been built up tend to behave in a similar manner and will aggravate the liquidating pressure in a decline. Since 1949, mortgage debt has tripled, reaching a total of $191 billion; the $20 billion increase in 1959 substantially exceeded any earlier year. In the same ten years, short-term consumer credit also tripled, to a total of $52 billion, and again the $6½ billion increase in 1959 was a new high. Repayments on these debts represent fixed claims on income, and will add leverage to any decline that may occur.

Should a concerted movement to liquidate these stocks get under way, the magnitude of the deflation would be severe. Some of the forces that halted the earlier recessions would not be available to initiate a recovery. The tight money policy has been ineffective in restraining the accumulation of stocks, and its reversal is likely to be even less effective in restraining liquidation. Any other government action now contemplated or likely to be quickly agreed on would be inadequate to prevent unemployment from rising far beyond any postwar level so far experienced. That is the real threat. That is why recent restrictive policies are misdirected. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Mobile Homes

Business Week recently reported that from 1955 to 1959 the production of mobile homes and travel trailers increased from 76,000 units per year to nearly 149,000 units, a gain of 96 percent. During the same period, annual sales for the industry jumped from $325 million to $691 million. As a result of this increased output, it is estimated that there are currently about 3.25 million people living in 15,000 mobile home parks in the country.

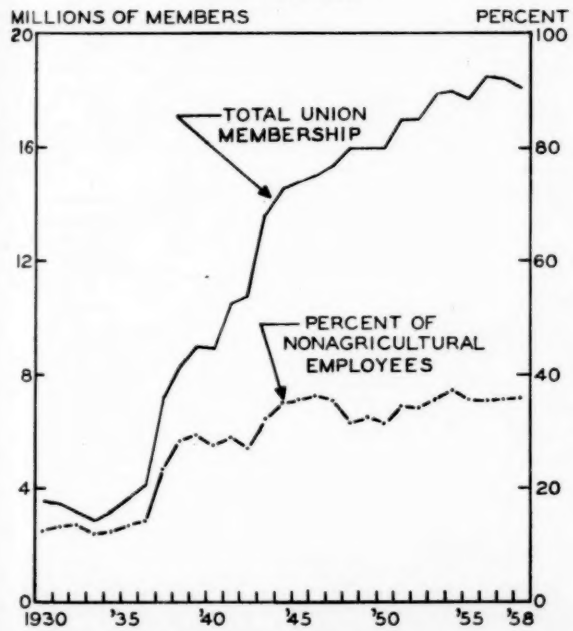
The industry gives three main reasons for this boost in the demand for mobile units. First, in late 1954 there was a swing from the eight-foot width to the ten-foot width. Second, the industry's advertising and new public relations campaign has started to take effect. Third, the industry has increased its efforts to sell units to successful bidders on big construction projects.

Surveys indicate that the nation's mobile home owners are found mainly among four groups. About 33 percent of the mobile home owners are skilled workers, 20 percent are military personnel, nearly 20 percent are professional people, and another 10 percent are in the retirement age group.

Union Membership

Data released by the United States Department of Labor indicate that total union membership declined from its high of 18.5 million in 1956 to 18.1 million in 1958. The sharpest growth in union membership came in the 1930's when unions nearly tripled their membership. Between 1940 and 1950 the gain in union membership amounted to 52 percent. Although union membership fell off from 1956, the total for 1958 was still 13 percent above 1950. The proportion of nonagricultural employees belonging to unions has also increased. In 1930, only 12 percent of total nonagricultural employees belonged to unions. Subsequent increases brought the proportion up to 27 percent in 1940, 32 percent in 1950, and 36 percent in 1958 (see chart).

UNION MEMBERSHIP IN THE UNITED STATES, 1930 TO 1958



Source: U.S. Department of Labor.

In 1958 the largest proportion of total union membership was in manufacturing. It accounted for 46 percent of total union membership, followed by utilities with 19 percent and construction with 13 percent.

The six unions with the largest memberships in the nation in 1958 were the Teamsters (1.4 million), the Automobile Workers (1.0 million), the Machinists (993,000), the Steelworkers (960,000), the Carpenters (835,000), and the Brotherhood of Electrical Workers (750,000). Between 1956 and 1958 only three of these six unions experienced gains in membership. The Electrical Workers led with an increase of 70,000. Membership losses approaching 300,000 were suffered by both the Automobile Workers and the Steelworkers, while the Carpenters' membership declined slightly.

A Study in Business Investment

A study conducted by Donald C. Streever entitled *Capacity Utilization and Business Investment* has recently been published by the University of Illinois Bureau of Economic and Business Research (76 pages, $1.50). It presents an analysis of the relationship of business capital expenditures to variations in the rate of utilization of productive capacity.

The author first reviews briefly the theoretical background of the hypothesis that the utilization of capacity is a determinant of investment and the significance of the hypothesis to business cycle and growth theory. The second part of the bulletin considers interview and other empirical studies of the determinants of investment, with special attention given to the role of expectations. In a third section, the relationship of investment to the utilization of capacity is dealt with statistically for four major industrial classifications — manufacturing and mining, electric power utilities, communications, and railroads.

Population by Type of Residence

According to data released by the Bureau of the Census, two-thirds of the increase of 24 million in the civilian population of the United States between April, 1950, and April, 1959, was accounted for by the 168 standard metropolitan areas of 1950. The metropolitan population of 99.9 million was 19 percent above the 1950 level. At the same time, an increase of 8 million people, or 12 percent, from 1950, brought to 74 million the number of persons living outside the standard metropolitan areas in 1959.

A major highlight of the shifting population during the 1950's was the rapid growth of the suburban and outlying sections of the standard metropolitan areas. For the first time the population within the metropolitan areas but outside the central cities equaled that of the central cities; each had a population of 50 million by April, 1959. However, the recent growth in the metropolitan areas has been predominantly outside the central cities, with increases of 117 percent in the rural nonfarm population and 25 percent in the urban population of these outlying areas, compared with an increase of 2 percent in the central cities.

Although the population in territories other than the standard metropolitan areas grew only 12 percent between 1950 and 1959, the rural nonfarm population outside the standard metropolitan areas increased 43 percent. In contrast, the rural farm population declined 14 percent.

CAN CAPITAL SPENDING DO THE JOB IN 1960?

D. C. STREEVER, Staff Economist
Eastman Chemical Products, Inc.

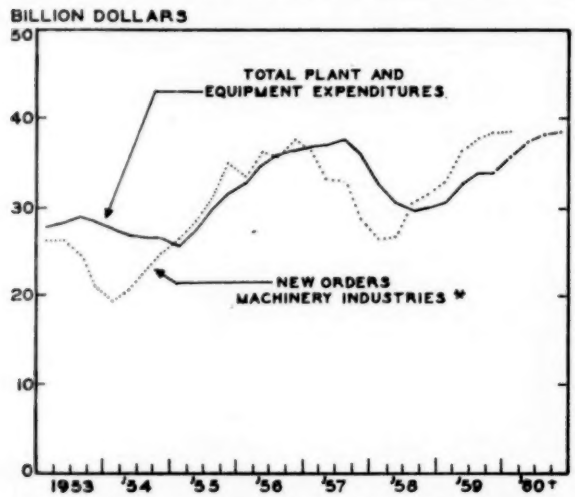
The conventional view of the economic outlook several months ago suggested that rapid economic expansion would occur through 1960, fed early in the year by post-steel strike inventory accumulation and later in the year by capital spending.

Developments in the first quarter of 1960 have considerably altered this view, primarily because the recovery from the steel-strike "recession" took place much more rapidly than was expected. What changes the outlook is the fact that over half of the first-quarter increase in gross national product reflected a spurt in inventory accumulation, as the annual rate of accumulation rose from $3 billion in the fourth quarter to an unsustainable $12 billion in the first.

Since it is obvious the $12 billion rate of inventory accumulation was not entirely voluntary — sales simply did not come up to expectations — there is no question that inventory investment should slow in the second quarter. Either sales will have to move up materially or further production cuts are impending, not only in autos and steel but in petroleum, textiles, appliances, and possibly other industries as well. Thus the inventory boomlet which was to provide the first-half mainstay of economic expansion spent itself quickly.

With inventory accumulation tending downward in the second quarter and at best neutral in the second half, what is to be the source of 1960's vigorous growth? Housing and federal government spending are generally regarded as neutral factors for this year. Slow, trend-like expansion is expected in consumer spending for non-durables and services and in public works expenditures by state and local governments. What zip is left in the economy at the present time is expected from exports, consumer durables, and capital expenditures. However, the change in exports will probably not be large and the outlook for consumer durables is quite uncertain. So the burden for carrying on the recovery falls primarily on business capital outlays.

CHART 1. CAPITAL EXPENDITURES AND MACHINERY ORDERS
(Quarterly totals at seasonally adjusted annual rates)



* Excludes farm, household, and electronic industries.
† Anticipated.
Source: Originally published in *Survey of Current Business*, September, 1959. Machinery orders brought up to date with data prepared by the Office of Business Economics; first quarter, 1960, preliminary.

Short-Term Outlook for Capital Spending

The Securities and Exchange Commission and Department of Commerce first-quarter survey of investment plans suggests that new plant and equipment expenditures will rise 14 percent in 1960. This compares with a gain of 22 percent between 1955 and 1956. The comparison with 1956 seems appropriate because capital spending is expected to perform the same buoying service for the economy in 1960 as it did in 1956, or put another way, because 1956 and 1960 appear to reflect similar business-cycle stages. The plant and equipment survey taken early in 1956, incidentally, suggested precisely the gain that was realized, as manufacturers as a whole lived up to their intentions and lower-than-anticipated outlays by railroads and public utilities were offset by higher expenditures from the mining, non-rail transportation, and commercial segments.

At present there is no indication from machinery orders or construction awards that would imply spending in 1960 will be any higher than business was planning in January and February. On the contrary, construction contracts were running below year-ago levels in early 1960 and seasonally adjusted machinery orders have been basically level since the third quarter of 1959 (Chart 1). Machinery orders show considerable irregularity from month to month and even when smoothed to quarter averages sometimes display saw-tooth movements (1955-56). Thus these figures must be used with caution; they will be closely watched in the months ahead, since they appear to provide reliable advance notice of directional changes in total capital expenditures.

In total the January-February investment survey suggests capital spending will regain its 1957 peak of $37.0 billion this year. Manufacturing spending, however, will be about a billion dollars below 1957 and spending by the trade, service, finance, communications, and construction group is expected to be up a billion dollars from three years ago (see table). Although manufacturing expenditures may fall short of 1957's level, the gain scheduled this year accounts for two-thirds of the total rise in plant and equipment expenditures of $4.5 billion. Steel, autos, machinery, chemicals, and petroleum are expected to make up $2.5 billion of this advance.

Steel is concentrating on improving open-hearth and finishing facilities as well as catching up on programs that were delayed last year. The auto industry is adding and converting facilities for production of its compact cars. The chemical industry, which has adequate to excessive capacity over-all, is converting old equipment to new uses, replacing obsolete facilities, adding facilities for new products. In petroleum, which has been in excess supply for several years, higher outlays in refining and petrochemicals are programmed. The latter is the rapidly growing segment, supplying the plastics industry among others.

Expenditures planned for the first and second quarters of 1960 as reported early this year suggest most of the gain will occur before midyear. A pattern implied for

the year as a whole follows (billions of dollars at seasonally adjusted annual rates):

		Total	*$ Change*
1959:	4th Qtr.	33.6*	+0.2
1960:	1st Qtr.	35.3*	+1.7
	2nd Qtr.	36.9*	+1.6
	3rd Qtr.	37.8	+0.9
	4th Qtr.	38.0	+0.2
1960:	Average	37.0*	

* Securities and Exchange Commission — Office of Business Economics.

Capital spending will provide a needed, though possibly only a partial, offset to impending reductions in the rate of inventory accumulation in the second quarter. This does not necessarily mean that the January peak in production was "it" for this business cycle. In 1956-57 the economy exhibited remarkable staying power as the turn was approached, and in 1960 the year as a whole might not average much away from the first-quarter level. The conclusion cannot be escaped, however, that capital expenditures now planned for the second half of 1960 will not be an important moving force in the economy.

Longer-Term Considerations

The incentives underlying this year's increase in capital spending, if one can generalize, appear to be more cost-saving or technologically motivated than expansion motivated. Certainly there is no shortage of capacity in most segments of the economy. Capital spending undertaken to reduce costs or update technology, however, seems almost invariably to increase capacity.

Unfortunately, no official capacity data are available to suggest just how large current industrial capability is. But partial information has been developed by a number of private researchers and organizations. Interestingly, various approaches to the measurement of manufacturing capacity point to the same conclusion — that a widening gap has been developing between industrial capability and production over the past decade.

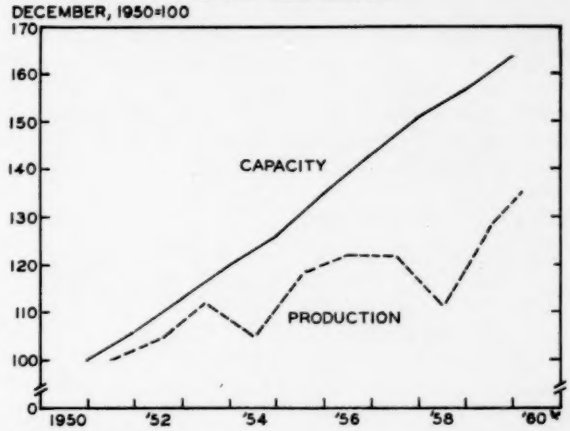
Chart 2 compares the movement in McGraw-Hill's index of manufacturing capacity and the FRB manufacturing production index, both expressed on a December, 1950, base. This is probably a reasonably good benchmark for making such a comparison because production rose very rapidly prior to December, 1950, and was close

Expenditures for New Plant and Equipment
(Billions of dollars)

Industry	1957	1959	1960	$ Change 1959–60
Manufacturing	16.0	12.1	15.1	+3.0
Durables	8.0	5.8	7.7	+1.9
Primary iron and steel	1.7	1.0	1.7	+0.7
Motor vehicles and equipment	1.1	0.6	1.0	+0.4
Machinery	1.9	1.4	1.9	+0.5
Other durable manufacturing	3.3	2.8	3.1	+0.3
Nondurables	7.9	6.3	7.5	+1.2
Chemicals and allied products	1.7	1.2	1.6	+0.4
Petroleum and coal products	3.5	2.5	2.9	+0.4
Other nondurable	2.7	2.6	3.0	+0.4
Mining	1.2	1.0	1.0	...
Railroads	1.4	0.9	1.0	+0.1
Other transportation	1.8	2.0	2.1	+0.1
Public utilities	6.2	5.7	6.1	+0.4
Other	10.4	11.0	11.6	+0.6
Total	37.0	32.5	37.0	+4.5

Source: Securities and Exchange Commission; Office of Business Economics.

CHART 2. MANUFACTURING PRODUCTION AND CAPACITY



* First quarter.
Sources: Capacity, McGraw-Hill, year-end 1959 preliminary; production, Federal Reserve Board.

to a peak rate at that time. More important than whether 1950 is a reasonable base, however, is the fact that capacity, according to this measure, rose 64 percent between the end of 1950 and the end of 1959. Production rose only 35 percent over this interval. Other studies of manufacturing capacity differ on the exact extent of the rise but not on the fact that capacity expansion has been much greater than the growth in production in recent years.

This of course raises the questions that were vigorously debated in 1957-58: How long can capacity go on growing more rapidly than production? What kind of adjustment in capital spending is implied when adjustment begins? What many apparently ignore is that a decline in capital spending of the magnitude of 1957-58 is a decline only in current production, and not in productive potential; the cutback slowed the rate of growth of capacity but its position of imbalance relative to demand increased. In the first quarter of 1960 the manufacturing industry was again operating at an estimated 80 percent of capacity, the same as last year's average and below other years since 1950, except 1958.

Present capacity does of course include inefficient facilities that are not being used but which could be used if demand required. It would be most comforting to have information that the process of "creative destruction," to use Schumpeter's terminology, has been so rapid that most of the difference between current production and capacity can be accounted for by facilities that should not be counted in today's capital stock. If this were known we could be assured that excess capacity is not a potential retardent to capital spending in the sixties.

Instead we are faced with reports from industry that capacity has grown at a rate of something on the order of one and a half to two times as fast as production over the past nine years. The rate of growth in production, moreover, has been achieved in part because of the high expenditures for new facilities that have created the excess of capacity.

This year capacity will rise more rapidly than in 1958 or 1959 (though less so than in 1956 and 1957 when retirements were smaller). Production will tend to be level. Thus new capacity will displace the need for, but not the existence of, older facilities. The rate of capacity utilization at the end of the first year of the Golden Sixties will be lower than at the beginning, and in this fact there is the strong suggestion that before the decade is over savings and investment funds will be channeled to markedly different uses than those of the fifties.

LOCAL ILLINOIS DEVELOPMENTS

In February, indexes of Illinois business activity remained about the same as in the previous month, with a few notable exceptions. The largest increase was in life insurance sales, which rose 11 percent. Construction contracts dropped 27 percent, in contrast to the nationwide increase of 2 percent.

Employment in Chicago

The Chicago Department of City Planning has recently released the first in a series of economic base studies for Chicago entitled *Employment in the City of Chicago with Projections to 1965.* This series of reports is designed to provide a better understanding of the present and future economic structure of Chicago.

By 1957 the number of people employed in Chicago had grown to nearly 2.0 million, an increase of 6 percent from 1950 and 29 percent from 1940. Of those employed in Chicago, about 85 percent reside there, a proportion which is higher than is found in most major cities in the country. However, the number of people commuting into the city to work has steadily increased. Between 1940 and 1957 this number rose from 172,000 to 279,000 persons. It is estimated that by 1965 there will be 2.1 million people employed in Chicago, including 307,000 commuters.

In 1957, about 80 percent of total employment in Chicago was in four industries. Manufacturing accounted for 35 percent; retail and wholesale trade, 23 percent; services, 14 percent; and government, 8 percent. Since 1940 the proportion of total employment in services and government has increased 1 and 3 percentage points respectively, whereas the proportion employed in manufacturing has fallen 2 percentage points and that in retail and wholesale trade has declined 3 percentage points.

Cost of Industrial Accidents

According to the February, 1960, *Illinois Labor Bulletin,* the cost of all industrial accidents occurring in Illinois between 1950 and 1958 is estimated at $4.3 billion. This estimate includes not only the direct cost of compensation and medical expenses, but also indirect costs, administrative expenses, and actual and future wage losses of all injured workers.

The cost of industrial accidents amounted to $548 million in 1958, almost the same as in 1957. Of this total estimated cost, employers bore about $263 million. Injured workers lost an estimated $284 million in wages, and the cost to the State amounted to $623,000.

Number of Retail Establishments

According to the 1958 Census of Business, the number of retail trade establishments in Illinois declined from 99,000 in 1954 to about 95,000 in 1958, a decrease of 4 percent. However, total retail sales increased 15 percent, rising from $11.0 billion in 1954 to $12.7 billion in 1958.

The accompanying chart indicates the percentage changes in the number of retail trade establishments in the 102 Illinois counties. Henderson County experienced the greatest percentage increase in retail establishments with a gain of 25 percent. At the other extreme, Calhoun and Hamilton counties showed declines of about 20 percent and 28 percent respectively.

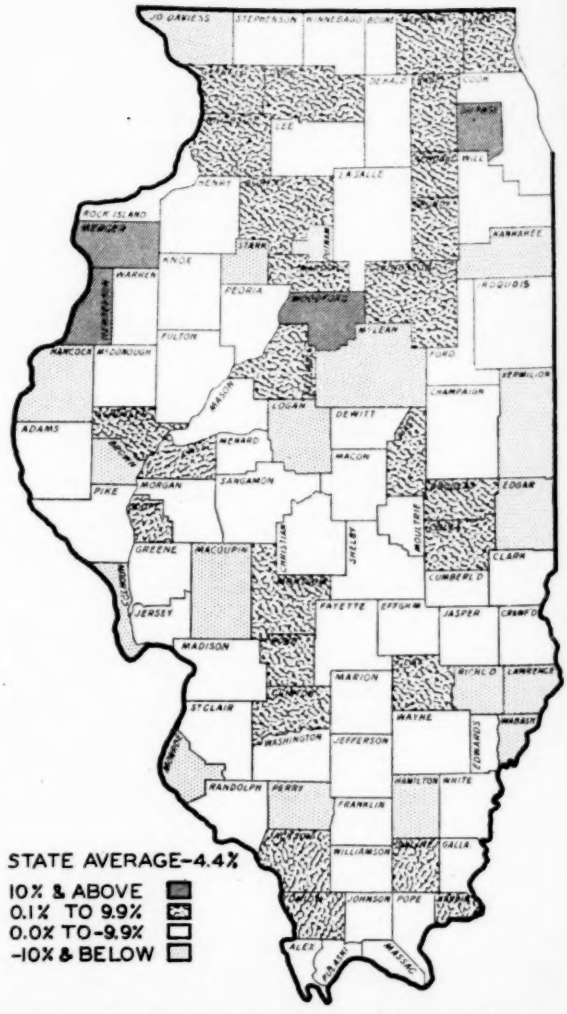
All sixteen major retail trading areas of the State experienced declines in the number of retail establishments between 1954 and 1958. These decreases ranged from 4 percent in Elgin to 17 percent in Quincy. The number of retail establishments in Chicago decreased 10 percent. However, in the counties surrounding these centers the number of retail establishments grew.

Agricultural Prices in Illinois

Data released by the Illinois Cooperative Crop Reporting Service indicate that the all-commodity index of prices received by Illinois farmers on February 15, 1960, was 220 percent of the 1910-14 base. This was the second straight month that farm prices increased, after declining almost steadily between mid-May, 1958, and mid-December, 1959. Although the corresponding index for the whole country declined during the same period, it fell only 13 percent, compared with 29 percent for the Illinois index.

The all-crop index for Illinois increased from 177 in mid-October, 1959, to 186 in mid-February, 1960; however, much of this increase was due to seasonal factors. The index of livestock and livestock products was up 7 percent from mid-December, 1959. Between mid-May, 1958, and mid-December, 1959, it dropped 25 percent. This decline was due mainly to the decrease in hog prices.

PERCENTAGE CHANGES IN THE NUMBER OF RETAIL TRADE ESTABLISHMENTS, 1954 TO 1958



Source: *1958 Census of Business: Retail Trade.*

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

February, 1960

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$37,525**[a]	**1,294,799**[a]	**$540,471**[a]		**$17,658**[a]	**$16,552**[a]
Percentage change from Jan., 1960	+66.3	−1.9	−22.2	−8	−3.2	−9.0
Percentage change from Feb., 1959	+99.5	+2.4	+2.0	0	+16.1	+9.1
NORTHERN ILLINOIS						
Chicago	**$22,197**	**953,775**	**$403,565**		**$16,274**	**$14,291**
Percentage change from Jan., 1960	+56.7	−2.1	−20.4	−8	−3.0	−6.4
Percentage change from Feb., 1959	+56.1	+1.1	+1.7	+2	+16.8	+9.6
Aurora	**$ 281**	n.a.	**$ 8,201**		**$ 73**	**$ 163**
Percentage change from Jan., 1960	+39.8		−29.4	−7	−10.7	−7.3
Percentage change from Feb., 1959	−50.7		+3.5	+5	+16.3	+4.6
Elgin	**$ 132**	n.a.	**$ 5,436**		**$ 45**	**$ 117**
Percentage change from Jan., 1960	−87.3		−30.6	n.a.	−9.8	−21.9
Percentage change from Feb., 1959	−7.7		+4.1		+8.1	+10.4
Joliet	**$ 381**	n.a.	**$10,196**		**$ 87**	**$ 116**
Percentage change from Jan., 1960	+11.7		−28.5	−9	−8.6	−30.6
Percentage change from Feb., 1959	+130.9		+8.9	+5	+17.4	+7.5
Kankakee	**$ 551**	n.a.	**$ 4,380**		n.a.	**$ 66**
Percentage change from Jan., 1960	+920.4		−31.1	n.a.		−12.4
Percentage change from Feb., 1959	+980.4		−1.4			+17.4
Rock Island-Moline	**$ 406**	**28,972**	**$10,094**		**$ 107**[b]	**$ 193**
Percentage change from Jan., 1960	−47.4	−4.4	−28.7	n.a.	−11.5	−5.7
Percentage change from Feb., 1959	−45.9	+0.8	−3.0		+11.1	+8.4
Rockford	**$2,334**	**55,072**[c]	**$18,192**		**$ 196**	**$ 252**
Percentage change from Jan., 1960	+318.3	−4.4	−22.2	−4[c]	−4.5	−25.2
Percentage change from Feb., 1959	+1,466.4	+9.7	+10.4	−5[c]	+18.4	+1.8
CENTRAL ILLINOIS						
Bloomington	**$6,998**	**11,299**	**$ 4,989**		**$ 68**	**$ 99**
Percentage change from Jan., 1960	+4,863.1	−0.2	−26.8	n.a.	−8.3	−20.4
Percentage change from Feb., 1959	+4,898.6	+21.6	+3.3		+6.2	−1.5
Champaign-Urbana	**$ 196**	**15,773**	**$ 7,127**		**$ 75**	**$ 126**
Percentage change from Jan., 1960	+35.2	+2.6	−27.4	n.a.	−6.1	−22.5
Percentage change from Feb., 1959	+92.2	+10.8	+2.0		+4.2	+13.3
Danville	**$ 475**	**15,299**	**$ 5,230**		**$ 47**	**$ 69**
Percentage change from Jan., 1960	−85.3	+7.9	−33.1	+1	−0.7	−24.7
Percentage change from Feb., 1959	+2,694.1	+10.2	−2.0	−8	+0.1	−0.7
Decatur	**$ 473**	**36,831**	**$10,317**		**$ 110**	**$ 124**
Percentage change from Jan., 1960	+42.0	+2.6	−25.5	−5[c]	−5.7	−31.1
Percentage change from Feb., 1959	−65.3	+5.3	+3.4	−14[c]	+3.1	+2.5
Galesburg	**$ 39**	**10,089**	**$ 3,980**		n.a.	**$ 48**
Percentage change from Jan., 1960	+225.0	−1.5	−30.6	n.a.		−28.0
Percentage change from Feb., 1959	+178.6	+1.6	−5.4			+2.7
Peoria	**$1,201**	**60,655**[c]	**$15,919**		**$ 223**	**$ 315**
Percentage change from Jan., 1960	+474.6	−3.0	−28.0	−5	−0.1	−25.6
Percentage change from Feb., 1959	+192.2	+2.9	+3.1	−16	+5.2	+10.4
Quincy	**$ 117**	**12,155**	**$ 4,674**		**$ 47**	**$ 77**
Percentage change from Jan., 1960	+23.2	−1.3	−31.7	n.a.	−3.1	−36.1
Percentage change from Feb., 1959	−3.3	+1.8	+8.0		+7.5	−4.6
Springfield	**$1,221**	**40,588**[c]	**$11,611**		**$ 129**	**$ 317**
Percentage change from Jan., 1960	+24.0	−2.6	−27.6	−10[c]	−2.3	−16.4
Percentage change from Feb., 1959	+276.9	+11.6	−1.9	−5[c]	+8.1	+3.2
SOUTHERN ILLINOIS						
East St. Louis	**$ 63**	**17,129**	**$ 7,825**		**$ 132**	**$ 87**
Percentage change from Jan., 1960	−64.2	+2.3	−21.1	n.a.	−9.9	−36.6
Percentage change from Feb., 1959	−12.5	+14.5	+3.3		−0.9	+11.1
Alton	**$ 135**	**25,167**	**$ 4,574**		**$ 45**	**$ 41**
Percentage change from Jan., 1960	+66.7	+1.2	−25.6	n.a.	+0.6	0.0
Percentage change from Feb., 1959	+46.7	−4.5	+3.4		+14.1	+5.1
Belleville	**$ 125**	**11,994**	**$ 4,161**		n.a.	**$ 52**
Percentage change from Jan., 1960	+290.6	−4.1	−25.4	n.a.		−38.6
Percentage change from Feb., 1959	+15.7	+17.0	+1.5			+6.9

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

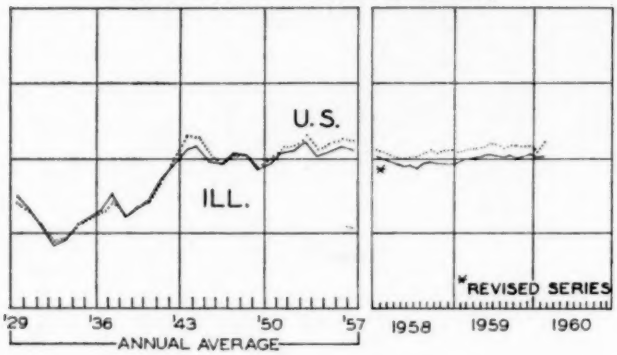
Sources: [1] U. S. Bureau of Labor Statistics. Data include federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for January, 1960. Comparisons relate to December, 1959, and January, 1959. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting periods ending February 5, 1960, and February 6, 1959.

The University of Chicago Libraries
Periodical Division, Harper, M22
Chicago 37, Ill.

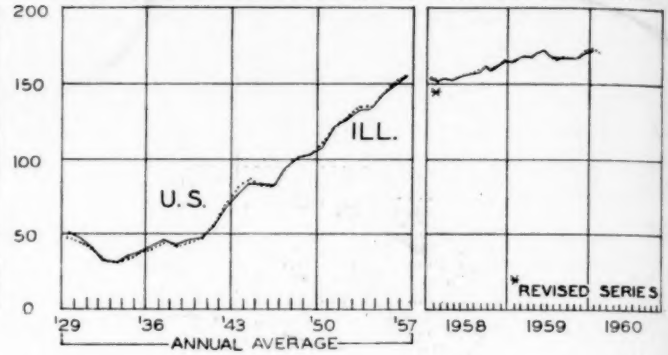
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

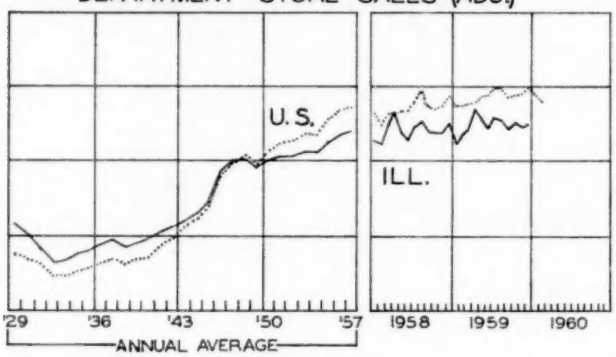
EMPLOYMENT MANUFACTURING



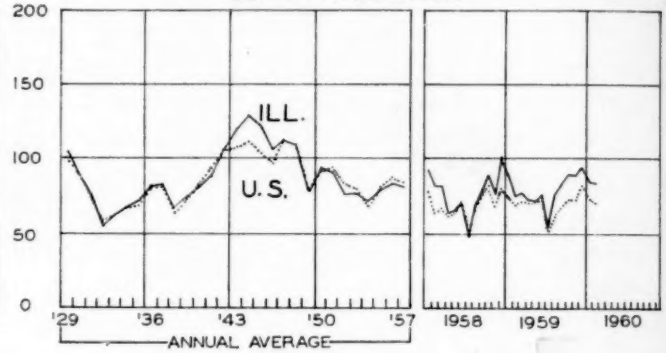
AVERAGE WEEKLY EARNINGS—MANUFACTURING



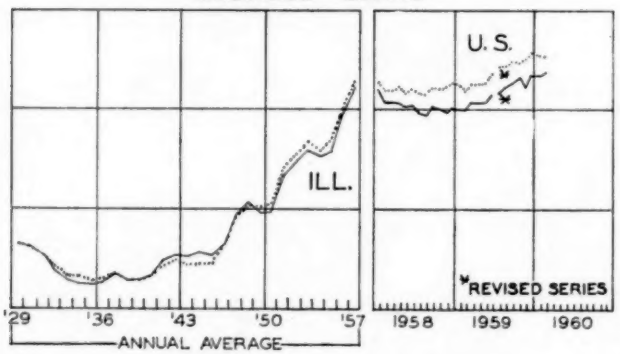
DEPARTMENT STORE SALES (ADJ.)



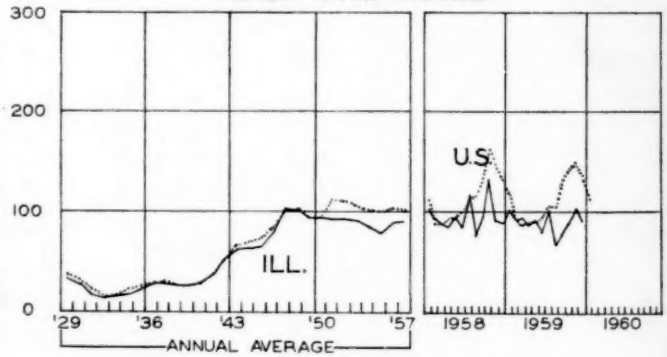
COAL PRODUCTION



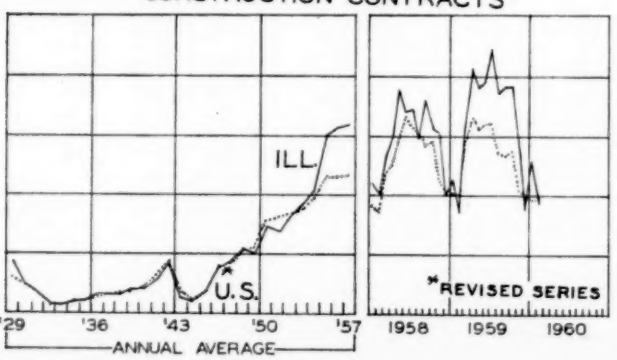
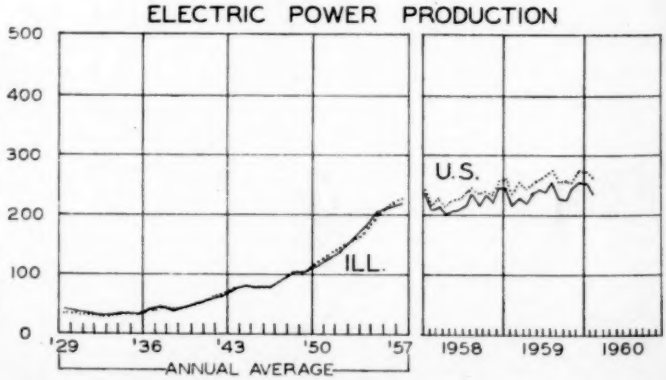
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS



ELECTRIC POWER PRODUCTION